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E*TRADE FINANCIAL CORPORATION ANNOUNCES THIRD QUARTER RESULTS

- *Net loss per share of \$0.14, including \$0.30 of asset-backed securities write downs*
- *Total Net Revenue of \$321 million*
- *Target Segment account growth of 16 percent annualized*
- *Record Total Retail Client Assets of \$218 billion*
- *Total Customer Cash and Deposits growth of \$1.7 billion to a record \$40 billion*
- *Record third quarter Daily Average Revenue Trades of 194,000*
- *Revised 2007 earnings guidance to a range of \$0.75 to \$0.90 per share*

New York, October 17, 2007 – E*TRADE FINANCIAL Corporation (NASDAQ: ETFC) today announced results for its third quarter ended September 30, 2007, reporting a net loss of \$58 million, or \$0.14 per share, compared to net income of \$153 million, or \$0.35 per share a year ago.

“While we are extremely pleased with the continued growth trends we are generating throughout the retail business, we are clearly disappointed with the overall Company performance as a result of the severe volatility in the credit markets,” said Mitchell H. Caplan, Chief Executive Officer, E*TRADE FINANCIAL Corporation. “We are working diligently to execute our strategic plan to manage through the credit challenges as quickly as possible and focus the Company on the opportunity and strength of our retail franchise.”

The Company’s Retail segment generated record revenue and income in the quarter of \$474 million and \$224 million, respectively. These results were driven by the continued growth and engagement of retail customers. Retail client assets rose 18 percent year-over-year to a record \$218 billion, including a 25 percent increase in total customer cash and deposits. Daily Average Revenue Trades (“DARTs”) rose 44 percent over the year-ago period to a third-quarter record of 194,000.

The net loss in the quarter was primarily due to higher provision for loan losses and securities write downs in the Company’s Institutional segment. Provision for loan losses in the quarter increased to \$187 million principally due to higher loan delinquencies and net charge-offs. This increase was consistent with previous expectations. Securities write downs in the quarter totaled \$197 million, pre-tax. This amount was previously forecasted to occur in the second half of 2007 and throughout 2008, and was realized instead in the third quarter rather than in future periods. Total net revenue for the third quarter declined 45 percent year-over-year to \$321 million as a result of the higher provision and securities write downs.

(more)

Based primarily on the realization of securities write downs in the third quarter, the Company has revised its 2007 guidance. As a baseline, the Company is now forecasting 2007 earnings of \$0.85 to \$0.90 per share. This range includes an assumption of \$80 million in provision for loan losses and no additional securities write downs. However, the Company believes that in the current environment it is extremely difficult to accurately forecast credit-related items. As a result, management believes it is prudent to include another \$0.10 in its forecast for the possibility of further credit deterioration – in some combination of securities write downs and provision – for new 2007 earnings guidance of \$0.75 to \$0.90 per share.

Other selected recent and third quarter highlights:

- Delivered strong year-over-year Retail growth trends
 - Total accounts increased 6 percent
 - Total client assets increased 18 percent, with cash up 25 percent
 - Total DARTs increased 44 percent
 - International DARTs increased 76 percent
 - Margin debt increased 19 percent
- Passed the 1,000,000 target segment account threshold – 28 percent of retail accounts
- Produced record trade levels for options at 16.7 percent of U.S. DART volumes
- Delivered record international DARTs of 33,000
- Launched retail operations in Singapore
- Repurchased \$53 million of common stock

Note that the Company has updated its Supplemental Portfolio Disclosure to include data as of September 30, 2007. Additional credit-related details, key performance metrics and historical monthly metrics, including data from January 2003 to September 2007 have also been disclosed. All of this information can be found on the E*TRADE FINANCIAL Investor Relations site at <https://investor.etrade.com>.

The Company will host a conference call to discuss its third quarter results beginning at 5:00 p.m. (EDT) today. The conference call will be available to domestic participants by dialing 1-800-683-1525 and 1-973-872-3197 for international participants. The conference ID number is 9308480. A live audio webcast of this conference call will also be accessible at <https://investor.etrade.com>.

About E*TRADE FINANCIAL

The E*TRADE FINANCIAL family of companies provides financial services including trading, investing, banking and lending for retail and institutional customers. Securities products and services are offered by E*TRADE Securities LLC (Member FINRA/SIPC). Bank and lending products and services are offered by E*TRADE Bank, a Federal savings bank, Member FDIC, or its subsidiaries.

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Important Notice

E*TRADE FINANCIAL, E*TRADE and the E*TRADE logo are trademarks or registered trademarks of E*TRADE FINANCIAL Corporation. The statements contained in this news release that are forward-looking are based on current expectations that are subject to a number of uncertainties and risks, and actual results may differ materially. The uncertainties and risks include, but are not limited to, changes in market activity, anticipated increases in the rate of new customer acquisition, the conversion of new visitors to the site to customers, the activity of customers and assets held at the institution, seasonality, macro trends of the economy in general and the residential real estate market, instability in the consumer credit markets and credit trends, rising mortgage interest rates, tighter mortgage lending guidelines across the industry, increased mortgage loan delinquency and default rates, portfolio growth, portfolio seasoning and resolution through collections, sales or charge-offs, the development and enhancement of products and services, competitive pressures (including price competition), system failures, economic and political conditions, changes in consumer behavior and the introduction of competing products having technological and/or other advantages. Further information about these risks and uncertainties can be found in the information included in the annual reports previously filed by E*TRADE FINANCIAL Corporation with the SEC on Form 10-K (including information under the caption "Risk Factors") and quarterly reports on Form 10-Q.

Financial Statements

E*TRADE FINANCIAL CORPORATION AND SUBSIDIARIES
Consolidated Statement of Income
(In thousands, except per share amounts)
(Unaudited)

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|-------------------------------------|------------|------------------------------------|--------------|
| | 2007 | 2006 | 2007 | 2006 |
| Revenue: | | | | |
| Operating interest income | \$ 951,836 | \$ 731,429 | \$ 2,687,403 | \$ 1,986,096 |
| Operating interest expense | (533,804) | (376,293) | (1,464,621) | (961,569) |
| Net operating interest income | 418,032 | 355,136 | 1,222,782 | 1,024,527 |
| Provision for loan losses | (186,536) | (12,547) | (237,767) | (33,014) |
| Net operating interest income after provision for loan losses | 231,496 | 342,589 | 985,015 | 991,513 |
| Commission | 188,403 | 133,606 | 517,164 | 476,771 |
| Fees and service charges | 64,802 | 58,330 | 189,746 | 174,001 |
| Principal transactions | 20,889 | 22,697 | 78,739 | 84,979 |
| Gain (loss) on sales of loans and securities, net | (197,057) | 16,003 | (174,354) | 38,738 |
| Other revenue | 12,699 | 8,541 | 33,469 | 25,471 |
| Total non-interest income | 89,736 | 239,177 | 644,764 | 799,960 |
| Total net revenue | 321,232 | 581,766 | 1,629,779 | 1,791,473 |
| Expense excluding interest: | | | | |
| Compensation and benefits | 117,538 | 110,705 | 360,399 | 352,334 |
| Clearing and servicing | 78,784 | 62,500 | 220,213 | 189,926 |
| Advertising and market development | 26,508 | 23,914 | 108,038 | 89,115 |
| Communications | 27,525 | 25,576 | 79,502 | 84,818 |
| Professional services | 21,014 | 20,741 | 71,161 | 71,715 |
| Depreciation and amortization | 22,205 | 18,565 | 61,663 | 56,181 |
| Occupancy and equipment | 22,848 | 22,150 | 69,247 | 63,082 |
| Amortization of other intangibles | 10,485 | 12,087 | 30,940 | 35,391 |
| Facility restructuring and other exit activities | 5,871 | 16,684 | 5,104 | 19,315 |
| Other | 47,824 | 45,675 | 150,925 | 101,888 |
| Total expense excluding interest | 380,602 | 358,597 | 1,157,192 | 1,063,765 |
| Income (loss) before other income (expense), income taxes and discontinued operations | (59,370) | 223,169 | 472,587 | 727,708 |
| Other income (expense): | | | | |
| Corporate interest income | 1,018 | 1,942 | 3,724 | 6,091 |
| Corporate interest expense | (37,365) | (37,964) | (113,022) | (114,586) |
| Gain on sales and impairment of investments, net | (18) | 26,991 | 37,005 | 59,897 |
| Loss on early extinguishment of debt | (37) | - | (6) | (703) |
| Equity in income (loss) of investments and venture funds | (741) | 2,519 | 6,514 | 1,701 |
| Total other income (expense) | (37,143) | (6,512) | (65,785) | (47,600) |
| Income (loss) before income taxes and discontinued operations | (96,513) | 216,657 | 406,802 | 680,108 |
| Income tax expense (benefit) | (38,065) | 66,429 | 136,711 | 230,204 |
| Net income (loss) from continuing operations | (58,448) | 150,228 | 270,091 | 449,904 |
| Discontinued operations, net of tax: | | | | |
| Loss from discontinued operations | - | - | - | (721) |
| Gain on disposal of discontinued operations | - | 3,021 | - | 3,021 |
| Gain from discontinued operations, net of tax | - | 3,021 | - | 2,300 |
| Net income (loss) | \$ (58,448) | \$ 153,249 | \$ 270,091 | \$ 452,204 |
| Basic earnings (loss) per share from continuing operations | \$ (0.14) | \$ 0.35 | \$ 0.64 | \$ 1.07 |
| Basic earnings per share from discontinued operations | - | 0.01 | - | 0.01 |
| Basic net earnings (loss) per share | \$ (0.14) | \$ 0.36 | \$ 0.64 | \$ 1.08 |
| Diluted earnings (loss) per share from continuing operations | \$ (0.14) | \$ 0.34 | \$ 0.62 | \$ 1.03 |
| Diluted earnings per share from discontinued operations | - | 0.01 | - | - |
| Diluted net earnings (loss) per share | \$ (0.14) | \$ 0.35 | \$ 0.62 | \$ 1.03 |
| Shares used in computation of per share data: | | | | |
| Basic | 420,964 | 423,736 | 422,676 | 420,148 |
| Diluted ⁽¹⁾ | 420,964 | 438,883 | 433,776 | 436,959 |

E*TRADE FINANCIAL CORPORATION AND SUBSIDIARIES
Consolidated Statement of Income
(In thousands, except per share amounts)
(Unaudited)

| | Three Months Ended | | |
|---|-------------------------------|--------------------------|-------------------------------|
| | September 30, 2007 | June 30, 2007 | September 30, 2006 |
| Revenue: | | | |
| Operating interest income | \$ 951,836 | \$ 905,772 | \$ 731,429 |
| Operating interest expense | (533,804) | (491,608) | (376,293) |
| Net operating interest income | 418,032 | 414,164 | 355,136 |
| Provision for loan losses | (186,536) | (30,045) | (12,547) |
| Net operating interest income after provision for loan losses | 231,496 | 384,119 | 342,589 |
| Commission | 188,403 | 169,768 | 133,606 |
| Fees and service charges | 64,802 | 65,446 | 58,330 |
| Principal transactions | 20,889 | 27,768 | 22,697 |
| Gain (loss) on sales of loans and securities, net | (197,057) | 5,328 | 16,003 |
| Other revenue | 12,699 | 11,120 | 8,541 |
| Total non-interest income | 89,736 | 279,430 | 239,177 |
| Total net revenue | 321,232 | 663,549 | 581,766 |
| Expense excluding interest: | | | |
| Compensation and benefits | 117,538 | 119,079 | 110,705 |
| Clearing and servicing | 78,784 | 74,177 | 62,500 |
| Advertising and market development | 26,508 | 35,938 | 23,914 |
| Communications | 27,525 | 25,821 | 25,576 |
| Professional services | 21,014 | 25,162 | 20,741 |
| Depreciation and amortization | 22,205 | 20,075 | 18,565 |
| Occupancy and equipment | 22,848 | 22,820 | 22,150 |
| Amortization of other intangibles | 10,485 | 10,187 | 12,087 |
| Facility restructuring and other exit activities | 5,871 | (1,500) | 16,684 |
| Other | 47,824 | 70,426 | 45,675 |
| Total expense excluding interest | 380,602 | 402,185 | 358,597 |
| Income (loss) before other income (expense), income taxes and discontinued operations | (59,370) | 261,364 | 223,169 |
| Other income (expense): | | | |
| Corporate interest income | 1,018 | 1,001 | 1,942 |
| Corporate interest expense | (37,365) | (37,866) | (37,964) |
| Gain on sales and impairment of investments, net | (18) | 17,267 | 26,991 |
| Gain (loss) on early extinguishment of debt | (37) | 31 | - |
| Equity in income (loss) of investments and venture funds | (741) | (840) | 2,519 |
| Total other income (expense) | (37,143) | (20,407) | (6,512) |
| Income (loss) before income taxes and discontinued operations | (96,513) | 240,957 | 216,657 |
| Income tax expense (benefit) | (38,065) | 81,828 | 66,429 |
| Net income (loss) from continuing operations | (58,448) | 159,129 | 150,228 |
| Discontinued operations, net of tax: | | | |
| Gain on disposal of discontinued operations | - | - | 3,021 |
| Gain from discontinued operations, net of tax | - | - | 3,021 |
| Net income (loss) | \$ (58,448) | \$ 159,129 | \$ 153,249 |
| Basic earnings (loss) per share from continuing operations | \$ (0.14) | \$ 0.38 | \$ 0.35 |
| Basic earnings per share from discontinued operations | - | - | 0.01 |
| Basic net earnings (loss) per share | \$ (0.14) | \$ 0.38 | \$ 0.36 |
| Diluted earnings (loss) per share from continuing operations | \$ (0.14) | \$ 0.37 | \$ 0.34 |
| Diluted earnings per share from discontinued operations | - | - | 0.01 |
| Diluted net earnings (loss) per share | \$ (0.14) | \$ 0.37 | \$ 0.35 |
| Shares used in computation of per share data: | | | |
| Basic | 420,964 | 423,308 | 423,736 |
| Diluted ⁽¹⁾ | 420,964 | 435,775 | 438,883 |

E*TRADE FINANCIAL CORPORATION AND SUBSIDIARIES
Consolidated Balance Sheet
(In thousands, except share amounts)
(Unaudited)

| | September 30, 2007 | December 31, 2006 |
|---|-------------------------------|------------------------------|
| ASSETS | | |
| Cash and equivalents | \$ 1,410,180 | \$ 1,212,234 |
| Cash and investments required to be segregated under Federal or other regulations | 357,847 | 281,622 |
| Trading securities | 120,501 | 178,600 |
| Available-for-sale mortgage-backed and investment securities | 16,581,257 | 13,921,983 |
| Loans held-for-sale | 119,357 | 283,496 |
| Margin receivables | 7,529,971 | 6,828,448 |
| Loans receivable, net | 32,389,894 | 26,372,697 |
| Property and equipment, net | 360,366 | 318,389 |
| Goodwill | 2,034,726 | 2,072,920 |
| Other intangibles, net | 441,125 | 471,933 |
| Other assets | 2,841,541 | 1,796,981 |
| Total assets | \$ 64,186,765 | \$ 53,739,303 |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | |
| Liabilities: | | |
| Deposits | \$ 29,197,344 | \$ 24,071,012 |
| Securities sold under agreements to repurchase | 10,826,523 | 9,792,422 |
| Customer payables | 7,002,986 | 6,182,672 |
| Other borrowings | 9,067,529 | 5,323,962 |
| Senior notes | 1,436,794 | 1,401,592 |
| Mandatory convertible notes | 444,318 | 440,577 |
| Accounts payable, accrued and other liabilities | 2,107,288 | 2,330,696 |
| Total liabilities | 60,082,782 | 49,542,933 |
| Shareholders' equity: | | |
| Common stock, \$0.01 par value, shares authorized: 600,000,000; shares issued and outstanding: 423,650,257 at September 30, 2007 and 426,304,136 at December 31, 2006 | 4,237 | 4,263 |
| Additional paid-in-capital | 3,118,944 | 3,184,290 |
| Retained earnings | 1,464,477 | 1,209,289 |
| Accumulated other comprehensive loss | (483,675) | (201,472) |
| Total shareholders' equity | 4,103,983 | 4,196,370 |
| Total liabilities and shareholders' equity | \$ 64,186,765 | \$ 53,739,303 |

Segment Reporting

| | Three Months Ended September 30, 2007 | | | |
|---|---------------------------------------|---------------|-----------------------------|-------------|
| | Retail | Institutional | Eliminations ⁽²⁾ | Total |
| Revenue: | (In thousands) | | | |
| Operating interest income | \$ 540,675 | \$ 787,912 | \$ (376,751) | \$ 951,836 |
| Operating interest expense | (281,829) | (628,726) | 376,751 | (533,804) |
| Net operating interest income | 258,846 | 159,186 | - | 418,032 |
| Provision for loan losses | - | (186,536) | - | (186,536) |
| Net operating interest income (expense) after provision for loan losses | 258,846 | (27,350) | - | 231,496 |
| Commission | 142,291 | 46,112 | - | 188,403 |
| Fees and service charges | 62,019 | 5,370 | (2,587) | 64,802 |
| Principal transactions | - | 20,889 | - | 20,889 |
| Gain (loss) on sales of loans and securities, net | 1,148 | (198,205) | - | (197,057) |
| Other revenue | 9,824 | 3,019 | (144) | 12,699 |
| Total non-interest income (expense) | 215,282 | (122,815) | (2,731) | 89,736 |
| Total net revenue | 474,128 | (150,165) | (2,731) | 321,232 |
| Expense excluding interest: | | | | |
| Compensation and benefits | 81,319 | 36,219 | - | 117,538 |
| Clearing and servicing | 23,950 | 57,565 | (2,731) | 78,784 |
| Advertising and market development | 26,428 | 80 | - | 26,508 |
| Communications | 24,142 | 3,383 | - | 27,525 |
| Professional services | 14,501 | 6,513 | - | 21,014 |
| Depreciation and amortization | 16,164 | 6,041 | - | 22,205 |
| Occupancy and equipment | 19,796 | 3,052 | - | 22,848 |
| Amortization of other intangibles | 9,370 | 1,115 | - | 10,485 |
| Facility restructuring and other exit activities | 1,261 | 4,610 | - | 5,871 |
| Other | 32,970 | 14,854 | - | 47,824 |
| Total expense excluding interest | 249,901 | 133,432 | (2,731) | 380,602 |
| Segment income (loss) | \$ 224,227 | \$ (283,597) | \$ - | \$ (59,370) |

| | Three Months Ended June 30, 2007 | | | |
|---|----------------------------------|---------------|-----------------------------|------------|
| | Retail | Institutional | Eliminations ⁽²⁾ | Total |
| Revenue: | (In thousands) | | | |
| Operating interest income | \$ 502,336 | \$ 741,770 | \$ (338,334) | \$ 905,772 |
| Operating interest expense | (251,832) | (578,110) | 338,334 | (491,608) |
| Net operating interest income | 250,504 | 163,660 | - | 414,164 |
| Provision for loan losses | - | (30,045) | - | (30,045) |
| Net operating interest income after provision for loan losses | 250,504 | 133,615 | - | 384,119 |
| Commission | 128,183 | 41,585 | - | 169,768 |
| Fees and service charges | 57,979 | 9,923 | (2,456) | 65,446 |
| Principal transactions | - | 27,768 | - | 27,768 |
| Gain on sales of loans and securities, net | 7,351 | (2,023) | - | 5,328 |
| Other revenue | 11,173 | 91 | (144) | 11,120 |
| Total non-interest income | 204,686 | 77,344 | (2,600) | 279,430 |
| Total net revenue | 455,190 | 210,959 | (2,600) | 663,549 |
| Expense excluding interest: | | | | |
| Compensation and benefits | 79,725 | 39,354 | - | 119,079 |
| Clearing and servicing | 22,658 | 54,119 | (2,600) | 74,177 |
| Advertising and market development | 34,382 | 1,556 | - | 35,938 |
| Communications | 22,570 | 3,251 | - | 25,821 |
| Professional services | 17,074 | 8,088 | - | 25,162 |
| Depreciation and amortization | 15,246 | 4,829 | - | 20,075 |
| Occupancy and equipment | 19,759 | 3,061 | - | 22,820 |
| Amortization of other intangibles | 9,536 | 651 | - | 10,187 |
| Facility restructuring and other exit activities | (842) | (658) | - | (1,500) |
| Other | 30,919 | 39,507 | - | 70,426 |
| Total expense excluding interest | 251,027 | 153,758 | (2,600) | 402,185 |
| Segment income | \$ 204,163 | \$ 57,201 | \$ - | \$ 261,364 |

| | Three Months Ended September 30, 2006 | | | |
|---|---------------------------------------|---------------|-----------------------------|------------|
| | Retail | Institutional | Eliminations ⁽²⁾ | Total |
| Revenue: | | | | |
| | | | (In thousands) | |
| Operating interest income | \$ 397,998 | \$ 576,258 | \$ (242,827) | \$ 731,429 |
| Operating interest expense | (176,939) | (442,181) | 242,827 | (376,293) |
| Net operating interest income | 221,059 | 134,077 | - | 355,136 |
| Provision for loan losses | - | (12,547) | - | (12,547) |
| Net operating interest income after provision for loan losses | 221,059 | 121,530 | - | 342,589 |
| Commission | 100,902 | 32,704 | - | 133,606 |
| Fees and service charges | 51,244 | 7,708 | (622) | 58,330 |
| Principal transactions | - | 22,697 | - | 22,697 |
| Gain on sales of loans and securities, net | 10,608 | 5,395 | - | 16,003 |
| Other revenue | 8,488 | 183 | (130) | 8,541 |
| Total non-interest income | 171,242 | 68,687 | (752) | 239,177 |
| Total net revenue | 392,301 | 190,217 | (752) | 581,766 |
| Expense excluding interest: | | | | |
| Compensation and benefits | 77,002 | 33,703 | - | 110,705 |
| Clearing and servicing | 18,307 | 44,945 | (752) | 62,500 |
| Advertising and market development | 22,517 | 1,397 | - | 23,914 |
| Communications | 22,248 | 3,328 | - | 25,576 |
| Professional services | 12,140 | 8,601 | - | 20,741 |
| Depreciation and amortization | 14,175 | 4,390 | - | 18,565 |
| Occupancy and equipment | 20,434 | 1,716 | - | 22,150 |
| Amortization of other intangibles | 9,913 | 2,174 | - | 12,087 |
| Facility restructuring and other exit activities | 16,716 | (32) | - | 16,684 |
| Other | 33,775 | 11,900 | - | 45,675 |
| Total expense excluding interest | 247,227 | 112,122 | (752) | 358,597 |
| Segment income | \$ 145,074 | \$ 78,095 | \$ - | \$ 223,169 |

Key Performance Metrics⁽³⁾

| Corporate Metrics | Qtr ended 9/30/07 | Qtr ended 6/30/07 | Qtr ended 9/30/07 vs. 6/30/07 | Qtr ended 9/30/06 | Qtr ended 9/30/07 vs. 9/30/06 |
|---|------------------------------|------------------------------|--|------------------------------|--|
| Operating margin %⁽⁴⁾ | | | | | |
| Consolidated | (18)% | 39 % | (57)% | 38 % | (56)% |
| Retail | 47 % | 45 % | 2 % | 37 % | 10 % |
| Institutional | N.M. | 27 % | N.M. | 41 % | N.M. |
| Employees | 3,880 | 4,027 | (4)% | 4,180 | (7)% |
| Consultants and other | 229 | 240 | (5)% | 455 | (50)% |
| Total headcount | 4,109 | 4,267 | (4)% | 4,635 | (11)% |
| Revenue per headcount | \$ 78,178 | \$ 155,507 | (50)% | \$ 125,516 | (38)% |
| Revenue per compensation and benefits dollar | \$ 2.73 | \$ 5.57 | (51)% | \$ 5.26 | (48)% |
| Book value per share | \$ 9.69 | \$ 10.19 | (5)% | \$ 9.44 | 3 % |
| Tangible book value per share | \$ 3.66 | \$ 4.17 | (12)% | \$ 3.44 | 6 % |
| Free cash (\$MM) | \$ 503.5 | \$ 431.7 | 17 % | \$ 580.1 | (13)% |
| Enterprise net interest spread (basis points) ⁽⁵⁾ | 265 | 271 | (2)% | 286 | (7)% |
| Enterprise interest-earning assets, average (\$MM) | \$ 60,043 | \$ 57,683 | 4 % | \$ 46,400 | 29 % |
| Earnings before interest, taxes, depreciation & amortization ("EBITDA") (\$MM) | | | | | |
| Net income (loss) from continuing operations | \$ (58.4) | \$ 159.1 | (137)% | \$ 150.2 | (139)% |
| Tax expense (benefit) | (38.1) | 81.8 | (147)% | 66.4 | (157)% |
| Depreciation & amortization | 32.7 | 30.3 | 8 % | 30.7 | 7 % |
| Corporate interest expense | 37.4 | 37.9 | (1)% | 38.0 | (2)% |
| EBITDA | \$ (26.4) | \$ 309.1 | (109)% | \$ 285.3 | (109)% |
| Interest coverage | (0.7) | 8.2 | (109)% | 7.5 | (109)% |

Key Performance Metrics⁽³⁾

| <u>Retail Metrics</u> | <u>Qtr ended</u> <u>9/30/07</u> | <u>Qtr ended</u> <u>6/30/07</u> | <u>Qtr ended</u> <u>9/30/07</u> <u>vs.</u> <u>6/30/07</u> | <u>Qtr ended</u> <u>9/30/06</u> | <u>Qtr ended</u> <u>9/30/07</u> <u>vs.</u> <u>9/30/06</u> |
|--|------------------------------------|------------------------------------|--|------------------------------------|--|
| Trading days | 62.5 | 63.0 | (1)% | 62.5 | 0 % |
| <u>DARTs</u> | | | | | |
| US | 161,459 | 141,606 | 14 % | 116,459 | 39 % |
| International | 32,926 | 27,516 | 20 % | 18,671 | 76 % |
| Total DARTs | 194,385 | 169,122 | 15 % | 135,130 | 44 % |
| Total trades (MM) | 12.1 | 10.7 | 13 % | 8.4 | 44 % |
| Average commission per trade | \$ 11.71 | \$ 12.03 | (3)% | \$ 11.95 | (2)% |
| End of period margin debt (\$B) | \$ 7.63 | \$ 7.52 | 1 % | \$ 6.42 | 19 % |
| Average margin debt (\$B) | \$ 7.71 | \$ 7.13 | 8 % | \$ 6.66 | 16 % |
| Gross new investing/trading accounts | 172,460 | 198,538 | (13)% | 151,344 | 14 % |
| Gross new deposit/lending accounts | 114,182 | 125,179 | (9)% | 102,658 | 11 % |
| Inactive accounts | (153,574) | (147,605) | 4 % | (142,415) | 8 % |
| Customer closed accounts | (70,893) | (75,436) | (6)% | (60,670) | 17 % |
| Net new accounts | 62,175 | 100,676 | (38)% | 50,917 | 22 % |
| End of period investing/trading accounts | 3,662,583 | 3,653,413 | 0 % | 3,627,414 | 1 % |
| End of period deposit/lending accounts | 1,046,812 | 993,807 | 5 % | 799,416 | 31 % |
| End of period total accounts | 4,709,395 | 4,647,220 | 1 % | 4,426,830 | 6 % |
| <u>Account Segmentation Detail⁽⁶⁾</u> | | | | | |
| Retail accounts within target segment ⁽⁷⁾ | 1,018,392 | 978,084 | 4 % | N.A. | N.M. |
| Other retail accounts ⁽⁸⁾ | 2,637,292 | 2,610,164 | 1 % | N.A. | N.M. |
| Corporate Services accounts | 1,053,711 | 1,058,972 | 0 % | N.A. | N.M. |
| End of period total accounts | 4,709,395 | 4,647,220 | 1 % | 4,426,830 | 6 % |
| Net new customers | 27,421 | 51,193 | N.M. | 29,209 | N.M. |
| End of period total customers | 3,555,682 | 3,528,261 | 1 % | 3,444,851 | 3 % |
| End of period assets per customer | \$ 61,320 | \$ 60,323 | 2 % | \$ 53,632 | 14 % |
| Consolidated net revenue per customer | \$ 90 | \$ 188 | (52)% | \$ 169 | (47)% |
| Consolidated segment income per customer | \$ (17) | \$ 74 | N.M. | \$ 65 | N.M. |
| Products per customer | 2.1 | 2.1 | 0 % | 2.1 | 0 % |
| <u>Client Assets (\$B)</u> | | | | | |
| Security holdings | \$ 142.4 | \$ 140.2 | 2 % | \$ 123.4 | 15 % |
| Customer payables (cash) | 7.0 | 6.5 | 8 % | 5.9 | 19 % |
| Customer cash balances held by third parties | 4.0 | 4.1 | (2)% | 3.9 | 3 % |
| Unexercised Corporate Services client options (vested) | 36.0 | 34.7 | 4 % | 29.8 | 21 % |
| Client assets in investing/trading accounts | 189.4 | 185.5 | 2 % | 163.0 | 16 % |
| Sweep deposit accounts | 11.5 | 11.0 | 5 % | 10.4 | 11 % |
| Transaction accounts | 12.8 | 11.7 | 9 % | 6.8 | 88 % |
| CDs | 4.3 | 4.6 | (7)% | 4.6 | (7)% |
| Client assets in deposit accounts | 28.6 | 27.3 | 5 % | 21.8 | 31 % |
| Total client assets | \$ 218.0 | \$ 212.8 | 2 % | \$ 184.8 | 18 % |
| Net new client assets (\$B) ⁽⁹⁾ | \$ 1.1 | \$ 1.6 | N.M. | N.A. | N.M. |
| Total customer cash and deposits (\$B) | \$ 39.6 | \$ 37.9 | 4 % | \$ 31.6 | 25 % |
| Unexercised Corporate Services client options (unvested) (\$B) | \$ 27.2 | \$ 24.8 | 10 % | \$ 18.7 | 45 % |

Key Performance Metrics⁽³⁾

| | Qtr ended 9/30/07 | Qtr ended 6/30/07 | Qtr ended 9/30/07 vs. 6/30/07 | Qtr ended 9/30/06 | Qtr ended 9/30/07 vs. 9/30/06 |
|--|----------------------|----------------------|--|----------------------|--|
| <u>Institutional Metrics</u> | | | | | |
| <u>Market Making</u> | | | | | |
| Equity shares traded (MM) | 46,389 | 59,988 | (23)% | 54,472 | (15)% |
| Average revenue capture per 1,000 equity shares | \$ 0.415 | \$ 0.433 | (4)% | \$ 0.382 | 9% |
| % of Bulletin Board equity shares to total equity shares | 88.9% | 91.3% | (2)% | 92.5% | (4)% |
| <u>Capital Ratios</u> | | | | | |
| Tier 1 Capital Ratio ⁽¹⁰⁾ | 5.88 % | 6.15 % | (0.27)% | 5.80 % | 0.08 % |
| Risk Weighted Capital Ratio ⁽¹⁰⁾ | 10.55 % | 10.58 % | (0.03)% | 10.61 % | (0.06)% |
| <u>Loans receivable (\$MM)</u> | | | | | |
| Average loans receivable | \$ 32,272 | \$ 30,802 | 5 % | \$ 22,780 | 42 % |
| Ending loans receivable, net | \$ 32,390 | \$ 31,484 | 3 % | \$ 23,215 | 40 % |
| <u>One- to Four- Family</u> | | | | | |
| <u>Loan performance detail (\$MM)</u> | | | | | |
| Current | \$ 16,558 | \$ 15,472 | 7 % | \$ 8,837 | 87 % |
| 30-89 days delinquent (special mention loans) | 250 | 203 | 23 % | 94 | 166 % |
| 90+ days delinquent (nonperforming loans) | 115 | 66 | 74 % | 25 | 360 % |
| Total delinquent loans | 365 | 269 | 36 % | 119 | 207 % |
| Gross loans receivable | \$ 16,923 | \$ 15,741 | 8 % | \$ 8,956 | 89 % |
| <u>Credit Quality and Reserve Metrics</u> | | | | | |
| Special mention loans (30-89 days delinquent) as a % of gross loans receivable | 1.47% | 1.29 % | 0.18 % | 1.04 % | 0.43 % |
| Nonperforming loans (90+ days delinquent) as a % of gross loans receivable | 0.68% | 0.42 % | 0.26 % | 0.28 % | 0.40 % |
| Allowance for loan losses as a % of gross loans receivable | 0.06% | 0.02 % | 0.04 % | 0.07 % | (0.01)% |
| Allowance for loan losses as a % of nonperforming loans | 8.11% | 5.43 % | 2.68 % | 23.80 % | (15.69)% |
| Net charge-offs as a % of average loans receivable (annualized) | 0.01% | 0.00 % | 0.01 % | (0.00)% | 0.01 % |
| Provision as a % of average loans receivable (annualized) | 0.15% | 0.01 % | 0.14 % | 0.02 % | 0.13 % |
| <u>Home Equity</u> | | | | | |
| <u>Loan performance detail (\$MM)</u> | | | | | |
| Current | \$ 12,262 | \$ 12,391 | (1)% | \$ 10,625 | 15 % |
| 30-89 days delinquent (special mention loans) | 253 | 181 | 40 % | 48 | 427 % |
| 90+ days delinquent (nonperforming loans) | 151 | 98 | 54 % | 24 | 529 % |
| Total delinquent loans | 404 | 279 | 45 % | 72 | 461 % |
| Gross loans receivable | \$ 12,666 | \$ 12,670 | 0 % | \$ 10,697 | 18 % |
| <u>Credit Quality and Reserve Metrics</u> | | | | | |
| Special mention loans (30-89 days delinquent) as a % of gross loans receivable | 1.99% | 1.42 % | 0.57 % | 0.45 % | 1.54 % |
| Nonperforming loans (90+ days delinquent) as a % of gross loans receivable | 1.19% | 0.77 % | 0.42 % | 0.22 % | 0.97 % |
| Allowance for loan losses as a % of gross loans receivable | 1.38% | 0.40 % | 0.98 % | 0.29 % | 1.09 % |
| Allowance for loan losses as a % of nonperforming loans | 115.69% | 51.11 % | 64.58 % | 131.54 % | (15.85)% |
| Net charge-offs as a % of average loans receivable (annualized) | 1.46% | 0.49 % | 0.97 % | 0.13 % | 1.33 % |
| Provision as a % of average loans receivable (annualized) | 5.45% | 0.78 % | 4.67 % | 0.21 % | 5.24 % |
| <u>Consumer and Other</u> | | | | | |
| <u>Loan performance detail (\$MM)</u> | | | | | |
| Current | \$ 2,985 | \$ 3,133 | (5)% | \$ 3,601 | (17)% |
| 30-89 days delinquent (special mention loans) | 17 | 12 | 42 % | 25 | (32)% |
| 90+ days delinquent (nonperforming loans) | 8 | 3 | 167 % | 6 | 33 % |
| Total delinquent loans | 25 | 15 | 67 % | 31 | (19)% |
| Gross loans receivable | \$ 3,010 | \$ 3,148 | (4)% | \$ 3,632 | (17)% |
| <u>Credit Quality and Reserve Metrics</u> | | | | | |
| Special mention loans (30-89 days delinquent) as a % of gross loans receivable | 0.63% | 0.39 % | 0.24 % | 0.69 % | (0.06)% |
| Nonperforming loans (90+ days delinquent) as a % of gross loans receivable | 0.25% | 0.11 % | 0.14 % | 0.16 % | 0.09 % |
| Allowance for loan losses as a % of gross loans receivable | 0.82% | 0.70 % | 0.12 % | 0.90 % | (0.08)% |
| Allowance for loan losses as a % of nonperforming loans | 332.30% | 630.11 % | (297.81)% | 567.76 % | (235.46)% |
| Net charge-offs as a % of average loans receivable (annualized) | 0.92% | 0.83 % | 0.09 % | 0.70 % | 0.22 % |
| Provision as a % of average loans receivable (annualized) | 1.25% | 0.61 % | 0.64 % | 0.72 % | 0.53 % |

Key Performance Metrics⁽³⁾

| <u>Institutional Metrics (continued)</u> | <u>Qtr ended</u> <u>9/30/07</u> | <u>Qtr ended</u> <u>6/30/07</u> | <u>Qtr ended</u> <u>9/30/07</u> <u>vs.</u> <u>6/30/07</u> | <u>Qtr ended</u> <u>9/30/06</u> | <u>Qtr ended</u> <u>9/30/07</u> <u>vs.</u> <u>9/30/06</u> |
|--|------------------------------------|------------------------------------|--|------------------------------------|--|
| <u>Total Loans Receivable</u> | | | | | |
| <u>Loan performance detail (\$MM)</u> | | | | | |
| Current | \$ 31,805 | \$ 30,996 | 3 % | \$ 23,063 | 38 % |
| 30-89 days delinquent (special mention loans) | 520 | 396 | 31 % | 167 | 211 % |
| 90+ days delinquent (nonperforming loans) | 274 | 167 | 64 % | 55 | 398 % |
| Total delinquent loans | 794 | 563 | 41 % | 222 | 258 % |
| Total gross loans receivable | \$ 32,599 | \$ 31,559 | 3 % | \$ 23,285 | 40 % |
| <u>Credit Quality and Reserve Metrics</u> | | | | | |
| Special mention loans (30-89 days delinquent) as a % of gross loans receivable | 1.60% | 1.25 % | 0.35 % | 0.72 % | 0.88 % |
| Nonperforming loans (90+ days delinquent) as a % of gross loans receivable | 0.84% | 0.53 % | 0.31 % | 0.24 % | 0.60 % |
| Allowance for loan losses as a % of gross loans receivable | 0.64% | 0.24 % | 0.40 % | 0.30 % | 0.34 % |
| Allowance for loan losses as a % of nonperforming loans | 76.24% | 45.34 % | 30.90 % | 127.57 % | (51.33)% |
| Net charge-offs as a % of average loans receivable (annualized) | 0.66% | 0.29 % | 0.37 % | 0.17 % | 0.49 % |
| Provision as a % of average loans receivable (annualized) | 2.31% | 0.39 % | 1.92 % | 0.22 % | 2.09 % |

Activity in Allowance for Loan Losses

| <u>Three Months Ended September 30, 2007</u> | | | | |
|--|---------------------------------|--------------------|-------------------------------|-------------------|
| | <u>One- to Four- Family</u> | <u>Home Equity</u> | <u>Consumer and Other</u> | <u>Total</u> |
| | (In thousands) | | | |
| Allowance for loan losses, ending 6/30/07 | \$ 3,554 | \$ 50,090 | \$ 22,060 | \$ 75,704 |
| Provision for loan losses | 6,261 | 170,639 | 9,636 | 186,536 |
| Charge-offs, net | (452) | (45,641) | (7,109) | (53,202) |
| Allowance for loan losses, ending 9/30/07 | <u>\$ 9,363</u> | <u>\$ 175,088</u> | <u>\$ 24,587</u> | <u>\$ 209,038</u> |
| <u>Three Months Ended June 30, 2007</u> | | | | |
| | <u>One- to Four- Family</u> | <u>Home Equity</u> | <u>Consumer and Other</u> | <u>Total</u> |
| | (In thousands) | | | |
| Allowance for loan losses, ending 3/31/07 | \$ 3,286 | \$ 40,840 | \$ 23,863 | \$ 67,989 |
| Provision for loan losses | 322 | 24,832 | 4,891 | 30,045 |
| Charge-offs, net | (54) | (15,582) | (6,694) | (22,330) |
| Allowance for loan losses, ending 6/30/07 | <u>\$ 3,554</u> | <u>\$ 50,090</u> | <u>\$ 22,060</u> | <u>\$ 75,704</u> |
| <u>Three Months Ended September 30, 2006</u> | | | | |
| | <u>One- to Four- Family</u> | <u>Home Equity</u> | <u>Consumer and Other</u> | <u>Total</u> |
| | (In thousands) | | | |
| Allowance for loan losses, ending 6/30/06 | \$ 5,603 | \$ 28,858 | \$ 32,660 | \$ 67,121 |
| Provision for loan losses | 401 | 5,491 | 6,655 | 12,547 |
| Charge-offs, net | 50 | (3,340) | (6,470) | (9,760) |
| Allowance for loan losses, ending 9/30/06 | <u>\$ 6,054</u> | <u>\$ 31,009</u> | <u>\$ 32,845</u> | <u>\$ 69,908</u> |

Average Enterprise Balance Sheet Data

| | Three Months Ended | | | | | |
|--|----------------------|------------------------------------|-----------------------|----------------------|------------------------------------|-----------------------|
| | September 30, 2007 | | | June 30, 2007 | | |
| | Average Balance | Operating Interest Inc./Exp. | Average Yield/Cost | Average Balance | Operating Interest Inc./Exp. | Average Yield/Cost |
| Enterprise interest-earning assets: | (In thousands) | | | | | |
| Loans, net ⁽¹¹⁾ | \$ 32,445,828 | \$ 528,193 | 6.51% | \$ 31,037,971 | \$ 497,517 | 6.41% |
| Margin receivables | 7,605,184 | 138,290 | 7.21% | 7,003,411 | 127,335 | 7.29% |
| Mortgage-backed and related available-for-sale securities | 12,811,113 | 169,603 | 5.30% | 13,027,383 | 172,501 | 5.30% |
| Available-for-sale investment securities | 5,097,480 | 83,595 | 6.56% | 4,502,434 | 73,133 | 6.50% |
| Trading securities | 118,195 | 3,052 | 10.33% | 114,135 | 3,174 | 11.12% |
| Cash and cash equivalents ⁽¹²⁾ | 1,266,614 | 13,102 | 4.10% | 1,244,965 | 15,008 | 4.84% |
| Stock borrow and other | 698,251 | 14,528 | 8.25% | 752,280 | 14,688 | 7.83% |
| Total enterprise interest-earning assets | <u>\$ 60,042,665</u> | <u>950,363</u> | 6.33% | <u>\$ 57,682,579</u> | <u>903,356</u> | 6.27% |
| Enterprise interest-bearing liabilities: | | | | | | |
| Retail deposits | \$ 27,764,658 | 216,426 | 3.09% | \$ 26,778,743 | 200,081 | 3.00% |
| Brokered certificates of deposit | 418,123 | 5,154 | 4.89% | 424,645 | 5,220 | 4.93% |
| Customer payables | 6,678,370 | 23,614 | 1.40% | 6,836,301 | 22,779 | 1.34% |
| Repurchase agreements and other borrowings | 12,582,907 | 165,925 | 5.16% | 13,558,998 | 175,337 | 5.12% |
| FHLB advances | 8,650,546 | 115,531 | 5.23% | 6,151,086 | 78,800 | 5.07% |
| Stock loan and other | 1,048,037 | 6,539 | 2.48% | 1,194,006 | 8,381 | 2.82% |
| Total enterprise interest-bearing liabilities | <u>\$ 57,142,641</u> | <u>533,189</u> | 3.68% | <u>\$ 54,943,779</u> | <u>490,598</u> | 3.56% |
| Enterprise net interest income/spread⁽⁵⁾ | | <u>\$ 417,174</u> | 2.65% | | <u>\$ 412,758</u> | 2.71% |

| | Three Months Ended | | |
|--|----------------------|------------------------------------|-----------------------|
| | September 30, 2006 | | |
| | Average Balance | Operating Interest Inc./Exp. | Average Yield/Cost |
| Enterprise interest-earning assets: | (In thousands) | | |
| Loans, net ⁽¹¹⁾ | \$ 22,955,022 | \$ 364,744 | 6.36% |
| Margin receivables | 6,645,017 | 123,855 | 7.39% |
| Mortgage-backed and related available-for-sale securities | 12,068,052 | 159,199 | 5.28% |
| Available-for-sale investment securities | 3,220,054 | 51,885 | 6.44% |
| Trading securities | 114,806 | 2,600 | 9.06% |
| Cash and cash equivalents ⁽¹²⁾ | 974,738 | 11,272 | 4.59% |
| Stock borrow and other | 422,010 | 8,690 | 8.17% |
| Total enterprise interest-earning assets | <u>\$ 46,399,699</u> | <u>722,245</u> | 6.22% |
| Enterprise interest-bearing liabilities: | | | |
| Retail deposits | \$ 20,992,962 | 141,035 | 2.67% |
| Brokered certificates of deposit | 618,681 | 7,453 | 4.78% |
| Customer payables | 5,794,586 | 18,326 | 1.25% |
| Repurchase agreements and other borrowings | 11,586,260 | 150,837 | 5.09% |
| FHLB advances | 3,583,663 | 43,950 | 4.80% |
| Stock loan and other | 1,283,026 | 11,617 | 3.59% |
| Total enterprise interest-bearing liabilities | <u>\$ 43,859,178</u> | <u>373,218</u> | 3.36% |
| Enterprise net interest income/spread⁽⁵⁾ | | <u>\$ 349,027</u> | 2.86% |

Reconciliation from Enterprise Net Interest Income to Net Operating Interest Income

| | Three Months Ended | | |
|---|-----------------------|-------------------|-----------------------|
| | September 30, 2007 | June 30, 2007 | September 30, 2006 |
| | (In thousands) | | |
| Enterprise net interest income | \$ 417,174 | \$ 412,758 | \$ 349,027 |
| Taxable equivalent interest adjustment ⁽¹³⁾ | (8,523) | (7,487) | (5,246) |
| Customer cash held by third parties and other ⁽¹⁴⁾ | 9,381 | 8,893 | 11,355 |
| Net operating interest income | <u>\$ 418,032</u> | <u>\$ 414,164</u> | <u>\$ 355,136</u> |

SUPPLEMENTAL INFORMATION

Explanation of Non-GAAP Measures and Certain Metrics

Management believes that free cash, EBITDA, interest coverage, enterprise net interest income and enterprise interest-earning assets are appropriate measures for evaluating the operating and liquidity performance of the Company. We believe that the elimination of certain items from the related GAAP measures is helpful to investors and analysts who may wish to use some or all of this information to analyze our current performance, prospects and valuation. Management uses non-GAAP information internally to evaluate our operating performance and in formulating our budget for future periods.

Reporting Changes

During the period ended March, 31, 2007, the Company re-defined the line item "Service charges and fees" by reclassifying certain fee-like revenue items formerly reported in "Other revenue" into the "Service charges and fees" line item, now called "Fees and service charges". We also re-presented our balance sheet to report margin receivables and customer payables directly on the face of the balance sheet. The remaining components of brokerage receivables and brokerage payables are now reported in the "Other assets" and "Accounts payable, accrued and other liabilities" line items, respectively. The Company has re-presented the income statement and balance sheet for the past two years on our Investor Relations website.

Free Cash

Free cash represents cash held at the Company and its non-Bank and non-Brokerage subsidiaries, less discretionary reserves, plus excess capital at Bank and Brokerage after application of regulatory capital requirements and the Company's own regulatory capital guidelines. The Company believes that free cash is a useful measure of the Company's liquidity as it excludes cash reflected on the balance sheet that may not be freely available to the Company.

EBITDA

EBITDA represents net income from continuing operations before corporate interest expense, taxes and depreciation and amortization. Management believes that EBITDA provides a useful additional measure of our performance by excluding certain non-cash charges and expenses that are not directly related to the performance of our business.

Interest Coverage

Interest coverage represents EBITDA divided by corporate interest expense. Management believes that by excluding the charges and expenses that are excluded from EBITDA, interest coverage provides a useful additional measure of our ability to continue to meet our interest obligations and our liquidity.

Enterprise Net Interest Income

Enterprise net interest income is taxable equivalent basis net operating interest income excluding corporate interest income and corporate interest expense, stock conduit interest income and expense and interest earned on customer cash held by third parties. Management believes this non-GAAP measure is useful to investors and analysts as it is a measure of the net operating interest income generated by our core operations.

Enterprise Interest-Earning Assets

Enterprise interest-earning assets consists of the primary interest-earning assets of the Company and includes: loans receivable, mortgage-backed and available-for-sale securities, margin receivables, stock borrow balances, and cash required to be segregated under regulatory guidelines that earn interest for the Company. Management believes that this non-GAAP measure is useful to investors and analysts as it is a measure of the primary assets from which the Company generates net operating interest income.

It is important to note these metrics and other non-GAAP measures may involve judgment by management and should be considered in addition to, not as a substitute for, or superior to, net income, consolidated statements of cash flows, or other measures of financial performance prepared in accordance with GAAP. For complete information on the items excluded from these non-GAAP measures, please see our financial statements and "Management's Discussion and Analysis of Results of Operations and Financial Condition" that will be included in the periodic report we expect to file with the SEC with respect to the financial periods discussed herein.

ENDNOTES

- (1) Because the Company reported a net loss for Q3 2007, the calculation of diluted net loss per share does not include common stock equivalents as they are anti-dilutive and would result in a reduction of net loss per share.
- (2) Reflects elimination of transactions between retail and institutional segments, which includes deposit and customer payable transfer pricing, servicing and order flow rebates.
- (3) Amounts and percentages may not calculate due to rounding.
- (4) Operating margin is the percentage of net revenue that results in income before other income (expense), income taxes and discontinued operations. The percentage is calculated by dividing our income before other income (expense), income taxes and discontinued operations by our total net revenue.
- (5) Enterprise net interest spread is the taxable equivalent rate earned on average enterprise interest-earning assets less the rate paid on average enterprise interest-bearing liabilities, excluding corporate interest-earning assets and liabilities, stock conduit and customer cash held by third parties.
- (6) Data prior to Q4 2006 is not available.
- (7) Target segment accounts are accounts held by customers with over \$50,000 in assets and/or generating 30 or more trades per quarter.
- (8) Other retail accounts are accounts that (a) were opened less than 90 days prior to the end of the relevant quarter; (b) only include a lending relationship or (c) that otherwise do not meet the definition of a target segment account.
- (9) Net new client assets are total inflows to all new and existing client accounts less total outflows from all closed and existing client and closed accounts. Data prior to Q1 2007 is not available.
- (10) Q3 2007 estimate. Includes E*TRADE Clearing, LLC, which became an operating subsidiary of E*TRADE Bank in Q1 2007.
- (11) Excludes loans to customers on margin.
- (12) Includes segregated cash balances.
- (13) Gross-up for tax-exempt securities.
- (14) Includes interest earned on average customer assets of \$4.1 billion, \$4.0 billion and \$3.6 billion for the quarters ended September 30, 2007, June 30, 2007 and September 30, 2006, respectively, held by parties outside E*TRADE FINANCIAL, including third party money market funds and sweep deposit accounts at unaffiliated financial institutions. Other consists of net operating interest income earned on average stock conduit assets of \$2.2 million and \$26.5 million for the quarters ended June 30, 2007 and September 30, 2006, respectively. There were no stock conduit assets for September 30, 2007.